

AETNA Rate Increase Filing for Comprehensive Medical Expense PPO and Limited Medical Expense PPO Plans  
State Tracking Number: PF - 2010-01916

We have reviewed the company's rate filing for Comprehensive Medical Expense PPO and Limited Medical Expense PPO Plans. The company has modified the existing plans in order to comply with the federal Patient Protection and Affordable Care Act (PPACA), as well as changes in California law. The current filing provides proposed premium rates that apply to these modified plans.

In order to comply with the California Insurance Code, Section 10140.2(a), the filed premium rates are unisex.

In addition, the filed rates reflect increases attributable to the company's estimate of the impact of the new federally mandated provisions. The company has filed for rate increases ranging from 0.4% to 6.8% - over all average of 2.0% increase - resulting from:

1. Rate increases for different plans, ranging from 0.4% to 2.4% - average 1.3% increase - due to the impact of benefit enhancement, and
2. Rate increases of 0.0% for some plans and 4.4% for other plans - average 0.7% increase - to offset increases in the number of members enrolled on Parent plus Child(ren) or Family subscriber-rated contracts.

The company's actuary has certified his projection of the lifetime loss ratio for these policies to be 83.0%, which is above the required minimum 70%, per California Code of Administrative Regulation, Title 10, Section 2222.12.

We have reviewed the assumptions and methods used in the actuarial memorandum and found the assumptions and methods employed to be reasonable.

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